

Message Text

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PAGE 01 STATE 108312
ORIGIN EA-06

INFO OCT-01 SS-14 ISO-00 ONY-00 /021 R

DRAFTED BY EA/PRCM:RRHART:CED
APPROVED BY EA/PRCM:HETTHAYER
DESIRED DISTRIBUTION
EA ONLY

-----079683 280427Z /62

R 272311Z APR 78
FM SECSTATE WASHDC
TO USLO PEKING
AMCONSUL HONG KONG
AMEMBASSY BANGKOK
INFO AMEMBASSY TAIPEI
AMEMBASSY TOKYO

C O N F I D E N T I A L STATE 108312

LIMDIS BANGKOK FOR ASST. SECRETARY HOLBROOKE

E.O. 11652: GDS

TAGS: EEWT ETRD EPAP CH US

SUBJECT: EA/PRCM WEEKLY STATUS REPORT

1. DAEDALUS EXPORT LICENSE (CONFIDENTIAL)

THE DEPARTMENT OF COMMERCE IS AGAIN RECOMMENDING DENIAL OF THE DAEDALUS EXPORT APPLICATION. IT HAS INFORMALLY POLLED THE OC REPRESENTATIVES, WHO WITH THE EXCEPTION OF STATE, HAVE RECONFIRMED THEIR EARLIER RECOMMENDATIONS FOR DENIAL. THE STATE REPRESENTATIVE HAS RESERVED HIS POSITION PENDING A POLICY DECISION BY US. OTHER THAN VERBALLY INDICATING THAT MODIFICATION OF PART OF ITS PACKAGE IS FEASIBLE, DAEDALUS HAS NOT ATTEMPTED TO RECONFIGURE ITS COMPONENTS
CONFIDENTIAL

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PAGE 02 STATE 108312

TO MEET USG REQUIREMENTS. WHILE THIS ALTERNATIVE IS STILL OPEN, DAEDALUS CONTINUES TO HOPE FOR A POLICY DECISION IN ITS FAVOR. IN THE INTERIM, DAEDALUS IS SEEKING CONGRESSIONAL SUPPORT FOR ITS CASE. ALAN PARKER, THE DAEDALUS PRESIDENT, HAS SCHEDULED A MEETING MAY 2 HERE IN WASHINGTON WITH SENATOR GRIFFIN AND OTHER MICHIGAN LEGISLATORS.

2. PRC TEXTILE EXPORTS TO THE US (LIMITED OFFICIAL USE)

AN APRIL 13 LETTER FROM FIVE MEMBERS OF THE HOUSE WAYS AND MEANS SUBCOMMITTEE ON TRADE JOINTLY ADDRESSED TO COMMERCE DEPUTY ASSISTANT SECRETARY ROBERT SHEPHERD AND STR'S CHIEF TEXTILE NEGOTIATOR MIKE SMITH "INTER ALIA" ASKS FOR A REPORT ON THE EXECUTIVE BRANCH'S CONSULTATIONS TO DATE WITH THE PRC ON TEXTILE ISSUES AND PLANS FOR FURTHER NEGOTIATIONS CONCERNING TEXTILES AND APPAREL. THE LETTER FROM REPS VANIK (D.-OHIO), HOLLAND (D.-SC), JENKINS (D.-GA.), STEIGER (R.-WISC.) AND MIKVO (D.-ILL.) ALSO CALLS FOR THE US TO "TAKE STEPS TO OBTAIN A BILATERAL UNDERSTANDING WITH THE PRC PRIOR TO THEIR ESTABLISHMENT OF A MASSIVE "BASE"...ON WHICH THEY WILL THEN DEMAND ANNUAL GROWTH RATES." SHEPHERD HAS REQUESTED THE DEPARTMENT'S INPUT AND WE WILL BE WORKING WITH EB ON A SUGGESTED RESPONSE.

3. CONGRESSIONAL ACTION ON AUCOIN AMENDMENTS
(CONFIDENTIAL)

THE HOUSE BANKING COMMITTEE IS NOW EXPECTED TO TAKE UP MONDAY THE AUCOIN INITIATIVE TO EXTEND EXIMBANK CREDITS TO THE PRC WITHOUT A PRESIDENTIAL DETERMINATION THAT SUCH CREDITS ARE IN THE NATIONAL INTEREST. THE BANKING COMMITTEE HAS VOTED TO DENY EXIM FACILITIES TO SOUTH
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 108312

AFRICA, AND THIS MAY MAKE IT HARDER FOR MEMBERS TO PROVIDE THE SAME FACILITIES TO THE PRC.

THE HOUSE WAYS AND MEANS COMMITTEE MEANWHILE PLANS TO HOLD HEARINGS ON ANOTHER AUCOIN AMENDMENT. THIS SECOND MEASURE WOULD FREE THE PRC FROM JACKSON-VANIK PROHIBITIONS ON EXTENDING CREDITS TO COMMUNIST COUNTRIES THAT RESTRICT EMIGRATION. BANKING COMMITTEE ACTION ON AUCOIN'S FIRST BILL WILL AFFECT THE SERIOUSNESS WITH WHICH WAYS AND MEANS APPROACHES AUCOIN'S AMENDMENT TO JACKSON-VANIK. WE ARE IN THE PROCESS OF FORMULATING OUR COMMENT ON THE LATTER AUCOIN BILL. AS WITH THE FIRST, WE DO NOT EXPECT TO SUPPORT IT.

4. NORTHWEST AIRLINE TOURS TO CHINA (LIMITED OFFICIAL USE)

NORTHWEST AIRLINES HAS FOLLOWED PAN AM'S LEAD IN SPONSORING TOUR GROUPS TO CHINA. ITS FIRST TOUR OF FIFTY PERSONS IS SCHEDULED MAY 10-26 AND WILL BE FOLLOWED BY TWO MORE FIFTY-PERSON TOURS, ONE IN JUNE AND ONE IN JULY. THE GROUPS WILL ENTER VIA HONG KONG. NORTHWEST HAS REQUESTED 120 ADDITIONAL SPACES PER MONTH FOR THE BALANCE

OF THE YEAR AND FOR 1979. THE CITS DELEGATION RECENTLY IN THE US TOLD NORTHWEST THAT IT WOULD BE DIFFICULT TO MEET ADDITIONAL REQUIREMENTS THIS YEAR BUT THAT THE LEADER OF NORTHWEST'S MAY TOUR GROUP SHOULD DISCUSS THE MATTER WITH CITS IN PEKING. PANAM ANTICIPATES HAVING 2,000 SPACES THIS YEAR.

5. NCUSCT TO HOST SIX MORE DELEGATIONS (LIMITED OFFICIAL USE)

PRCLO INFORMED THE NATIONAL COUNCIL APRIL 27 THAT THE CHINESE WOULD LIKE TO SEND SIX MORE DELEGATIONS TO THE US THIS YEAR UNDER NCUSCT AUSPICES. THE DELEGATIONS ARE IN THE FOLLOWING FIELDS: METALS, CARPETS, ESSENTIAL OILS AND SPICES, ARTS AND CRAFTS, COAL MINING TECHNOLOGY, AND CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 108312

IRON MINING TECHNOLOGY. THE NATIONAL COUNCIL IS PLEASANTLY SURPRISED BY THE NUMBER AND VARIETY OF THE GROUPS, ESPECIALLY THE TWO MINING TECHNOLOGY DELEGATIONS. COUNTING THE THREE CHINESE DELEGATIONS THAT HAVE ALREADY ARRIVED OR BEEN AGREED UPON (OCEANOGRAPHY, TEXTILES, AND SYNTHETIC FIBERS), THE TOTAL THIS YEAR IS THE HIGHEST YET. VANCE

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, EXPORT LICENSES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 apr 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE108312
Document Source: CORE
Document Unique ID: 00
Drafter: RRHART:CED
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780181-0641
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978048/aaaaagho.tel
Line Count: 143
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 24ec34b4-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3036486
Secure: OPEN
Status: NATIVE
Subject: EA/PRCM WEEKLY STATUS REPORT
TAGS: EEWT, ETRD, EPAP, CH, US, DAEDALUS
To: PEKING HONG KONG MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/24ec34b4-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014